

THE MINERAL INDUSTRY OF

KUWAIT

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The production and refining of crude oil remained the mainstay of the nation's economy, accounting for 52% of the gross domestic product and nearly 90% of Government revenues in 1998. The Government has total control of the industry. The Ministry of Oil is charged by law with the regulation of all oil and gas production, refining, transportation, and marketing in Kuwait. With the exception of the Saudi Kuwait Neutral Zone, all oil and gas operations in the country are conducted through the State-owned Kuwait Petroleum Corporation (KPC) and its subsidiaries. The Government is considering permitting foreign firms to assist in developing additional capacity, and KPC has been trying to develop a suitable model for foreign participation, particularly since any form of foreign ownership of the country's oil resources is prohibited. Foreign companies will be limited to operating service agreements, and title to all hydrocarbons produced in Kuwait will remain with KPC. Foreign operating service agreements covering enhanced recovery projects in five northern fields are expected by the close of 1999 (Arab Petroleum Research Center, 1999, p. 198).

In 1998, crude oil production averaged 2.085 million barrels per day (Mbbbl/d), including production from the Saudi Kuwait Neutral Zone (Energy Information Administration, 1999). Crude oil sales decreased to 1.08 Mbbbl/d in 1998 from 1.13 Mbbbl/d in 1997. Crude oil exports declined as the industry focused on higher return petroleum products. Kuwait refined more than 40% of the crude oil it produces. In 1998, Kuwait's three domestic refineries had a combined capacity of 895,000 barrels per day (bbl/d) (Arab Petroleum Research Center, 1999, p. 206). Product exports were more than 670,000 bbl/d (Arab Petroleum Research Center, 1999, p. 207).

The State-owned Petrochemicals Industries Company's plans for constructing a \$1 billion world-scale aromatics plant were

delayed because of the depressed chemical market (Middle East Economic Digest, 1998). Also, construction of the 2,400-megawatt power station at Al-Zour was postponed because oil prices decreased to record lows in 1998.

Construction plans continued, however, for the United Steel Industrial Company's (USIC) \$58 million rolling mill, with a capacity of 500,000 metric tons per year (t/yr) of reinforcing bars. USIC was a joint venture between local investors and the National Iranian Steel Company, which held a 40% interest. Local market demand for rebar was 400,000 t/yr. Surplus production was likely to be exported to Saudi Arabia. Billets for the mill will be supplied by Iranian plants (Middle East Economic Digest, 1999).

Petroleum reserves were estimated to be 96.5 billion barrels. Of this number, 94 billion barrels are located in Kuwaiti territory, and more than one-half, or 55 billion barrels, were located in the Burgan Field. The remaining 2.5 billion barrels represented Kuwait's share of the reserves in the Saudi Kuwait Neutral Zone (Arab Petroleum Research Center, 1999, p. 197).

For more extensive coverage of the minerals industry of Kuwait, see the 1997 Minerals Yearbook, Volume III, International Review of Africa and the Middle East.

References Cited

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- Energy Information Administration, 1999, International petroleum monthly: Energy Information Administration, December, p. 73.
- Middle East Economic Digest, 1998, Special report—Petrochemicals—Kuwait: Middle East Economic Digest, v. 42, no. 52, December 25, p. 11.
- 1999, Special report—Construction—Kuwait: Middle East Economic Digest, v. 43, no. 1, January 8, p. 12.

¹Deceased.

TABLE 1
KUWAIT: PRODUCTION OF MINERAL COMMODITIES 1/

(Metric tons unless otherwise specified)

Commodity	1994	1995	1996	1997	1998 e/
Chlorine	35,000	50,000	50,000 e/	45,625 r/	45,000
Cement e/ thousand tons	1,000	1,950	2,000	2,000	2,000
Clay products, nonrefractory, sand lime bricks e/ cubic meters	100,000	100,000	100,000	100,000	100,000
Lime, hydrated and quicklime e/	35,000	35,000	35,000	35,000	35,000
Natural gas: 2/					
Gross million cubic meters	7,560	10,870	10,890	10,870	10,860
Dry do.	5,970	9,280	9,300	9,250	9,260
Natural gas liquids e/ thousand 42-gallon barrels	42,000 3/	45,000	45,000	45,000	45,000
Nitrogen:					
N content of ammonia	320,000	492,800	411,900	432,000	430,000
N content of urea	324,100	390,800	356,300	348,500	348,000
Petroleum:					
Crude 2/ thousand 42-gallon barrels	742,000	752,265	743,047	760,295 r/	761,025 3/
Refinery products:					
Gasoline, motor do.	21,316	16,170	13,874	15,475	15,500
Kerosene do.	45,100	49,494	44,202	49,303	49,300
Distillate fuel oil do.	90,702	88,914	86,742	96,754	96,800
Residual fuel oil do.	88,290	66,940	73,770 r/	82,270 r/	82,300
Other do.	40,150	78,402	52,067	58,882	58,900
Total do.	285,558	299,920	270,655	302,684	302,800
Salt	36,897	37,038	100,000 e/	100,000 e/	100,000
Sodium and potassium compounds, caustic soda	30,000	60,000	78,000	78,329	78,000
Sulfur:					
Elemental, petroleum byproduct	200,000	559,000	595,000	664,000	665,000
Sulfuric acid e/	5,000	10,000	10,000	10,000	10,000

e/ Estimated. r/ Revised.

1/ Table includes data available through February 15, 2000.

2/ Includes Kuwait's share of production from the Partitioned Zone.

3/ Reported figure.